

University of Mississippi

eGrove

Honors Theses

Honors College (Sally McDonnell Barksdale
Honors College)

Spring 5-1-2021

An Analysis of Accounting Principles Through Case Studies

Kyle Liebert

Follow this and additional works at: https://egrove.olemiss.edu/hon_thesis



Part of the [Accounting Commons](#)

Recommended Citation

Liebert, Kyle, "An Analysis of Accounting Principles Through Case Studies" (2021). *Honors Theses*. 1832.
https://egrove.olemiss.edu/hon_thesis/1832

This Undergraduate Thesis is brought to you for free and open access by the Honors College (Sally McDonnell Barksdale Honors College) at eGrove. It has been accepted for inclusion in Honors Theses by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

An Analysis of Accounting Principles Through Case Studies

by
Kyle Michael Liebert

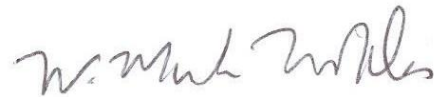
A thesis submitted to the faculty of The University of Mississippi in partial fulfillment of
the requirements of the Sally Barksdale Honors College.

Oxford
May 2021

Approved by



Advisor: Dr. Victoria Dickinson



Reader: Dr. W. Mark Wilder

© 2021
Kyle Michael Liebert
ALL RIGHTS RESERVED

ACKNOWLEDGEMENTS

I would like to thank my parents for their support and encouragement in each phase of my life. They are the reason I had pursued Ole Miss, the school of Accountancy, and the Sally Barksdale Honors College. To the rest of my family and friends, thank you for providing support. I would also like to thank Dr. Dickinson for her guidance through the thesis process and for my career development within the accounting program. All of the staff in the Sally Barksdale Honors College have provided a great environment for me to excel. Thank you to everyone that has had an influence in the process of my Honors College career.

ABSTRACT

KYLE MICHAEL LIEBERT

An Analysis of Accounting Principles Through Case Studies

(Under the Direction of Victoria Dickinson)

The following ten cases are compilation of a semesters worth of work in my Accy 420 class. Each of these were introduced by Dr. Dickinson, at which time she gave us a perspective. From my knowledge of accounting principles, financial and managerial concepts, I was able to interpret the case. Each case required a deep understanding of the topic or an ability to understand a new concept. After being introduced, I analyzed the topic and followed up with research. These case studies outlined by Dr. Dickinson were completed in the academic year of Fall 2019 and Spring 2020 from the requirements of the University of Mississippi Patterson School of Accountancy and the Sally Barksdale Honors College.

TABLE OF CONTENTS

City Selection	1
The Brexit	15
Aflac	23
Thomas Sowell	34
Regulation Fair Disclosure	39
Emma as Lady Mama	45
Monopoly Meets Blockchain	52
Business Community Connection	58
EY Buddy Interview	65
Our Economic Future	72
Works Cited	79
Honor Code	82

Case 1: City Selection Case

Dallas, Texas & Chicago, Illinois



Kyle Liebert

September 25, 2019

Table of Contents

Page 1: Title Page

Page 2: Table of Contents

Page 3: Introduction / Purpose of the Case

Page 4: Population and Climate

Page 5: Geography

Page 6: Tax Rates / Transportation

Page 7: Industries

Page 8: Healthcare / Education

Page 9: Crime / Housing

Page 10: Housing / Commuting

Page 11: Grocery / Laundry / Involvement

Page 12: Activities

Page 13: Traveling Home / Budget

Page 14: Analysis

Introduction / Purpose of the Case

Part of the path of college is deciding where you want to live and what you want to do with your life. I have figured out the what of my life, when I decided to change my major to accounting. I have now been tasked with the where.

To begin the journey through public accounting, I have been tasked with deciding where I want to live my life. There are firms in almost every major city in the country and in some cases the world. I was asked to narrow it down to two cities, and then further analyze every aspect of those two cities. If I do not know already, I will know the size of each city, the climate of each city, the day to day life of each city, the things to do, and even ways to get involved and be entertained. Dallas and Chicago are the two cities in question. Although they are almost a thousand miles apart, they have some striking similarities. They also have a unique culture and geography to themselves.

The pros and cons of two cities will be what starts my path down a lifetime of work. In less than a year, I will have to definitively choose one of these two places. This study has allowed me to prepare for that decision.

1. What is the population?

Dallas, Texas has a current population of 1.3 million. The 13 county Dallas-Fort Worth- Arlington area has a current population of 6.8 million. Dallas is the ninth largest city in the United States.

Chicago, Illinois has a current population of 2.7 million. Population has slightly been declining in the past five years, but Chicago is still the third largest city in the United States.

2. Describe the climate and seasonal functionalities.

Dallas has a mild to hot climate. In comparison to Louisville, where I have lived for most of my life, it is warmer weather year-round. There is a smaller winter in Dallas, as oppose to Louisville. The average temperature for December is 58° F. The average annual precipitation for Dallas is 40.97, which is very similar to Louisville. Dallas has an almost identical climate to Oxford, which I have become very familiar with.

Chicago has a continental climate, meaning cold winters and hot summers. The winter temperatures are much colder than any climate I have experienced. Chicago experiences 36 inches of snowfall per year. This is well above the winters I have experienced in Louisville and Oxford. The main challenge of this weather will be commuting to work through the temperatures and snowfall.

3. Describe the city's topography, scenery, and other geographic or geological features of the area in which the city is located.

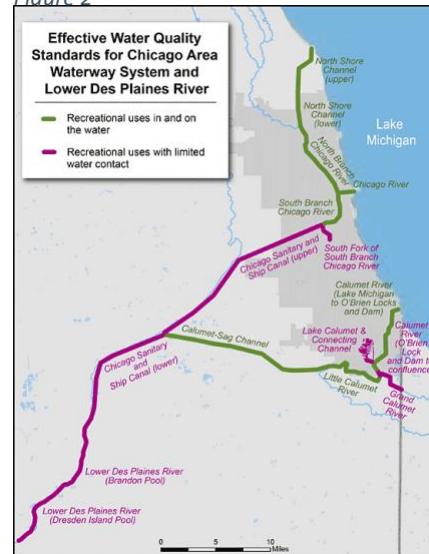
Dallas is located on the black-land prairies. It is surrounded by man-made lakes, but more uniquely, is set on the Trinity river. The Trinity river is the longest river in Texas. It stretches 710 miles from North Texas, reaching down into the Gulf of Mexico. The Trinity River varies in depth drastically throughout the year.

Figure 1



Chicago is located on the Western Plains on the Southeast corner of Lake Michigan. The Chicago river runs inland from Lake Michigan. It runs through the middle of the city into the Illinois waterways and down to the Mississippi River. It is a large attraction to the city. It is even dyed green for the city's St. Patrick's Day celebration.

Figure 2



4. What are the individual tax rates within the city.

The financial perk of living in Dallas is that there is no income tax. The only tax applied to paychecks is the national income tax, which is 22% for salaries of \$39,476 to \$84,200. Based on a starting salary of \$55,000, the paycheck after taxes would sit at \$42,900. Sales tax in Dallas is at a modest 6.25%. This is below the national average.

Chicago residents are among some of the most taxed people in the United States. The state income tax is 4.90% for residents between an annual income of \$10,000 and \$100,000. If a starting salary is \$55,000 annually, after state and federal taxes are applied, income will be left at \$40,205. This is \$2,000 less than the income after taxes as a Texas resident. As paychecks increase, the amount of money withheld will only increase. The sales tax rate in Chicago is at 10.25%. There is a higher rate in the city, than in the rest of the state. By pairing the two, there is an estimated \$3,500 loss in annual income because of higher tax rates.

5. What transportation hubs are in the city?

Dallas' mode of public transportation is the DART system. DART is the Dallas Area Rapid Transit. Their bus routes include seven different routes within the city. DART also provides a rail line. The rail has four lines, that run through the heart of the city and stretch into the suburbs. Dallas is also home to two separate airports. There is the Dallas/Fort Worth International Airport and Dallas Love Field.

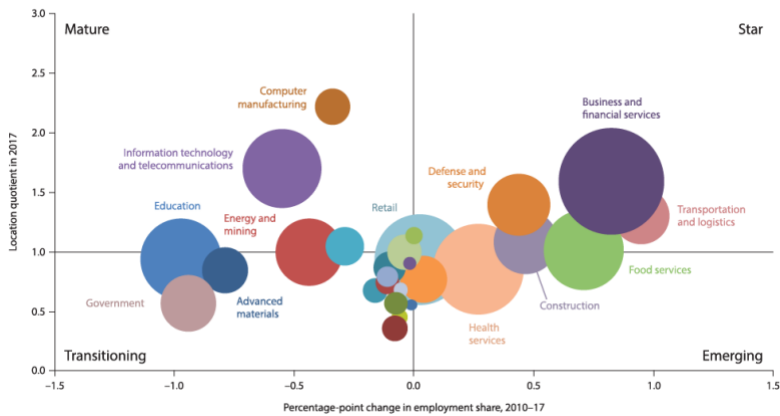
Chicago's main form of public transportation is the "L" train. This tram line runs seven different lines through each part of the city. It stretches into the surrounding suburbs. The line has a route that drops at both airports. Chicago also offers two public airports, O'Hare and Midway.

6. What are the city's most prevalent industries?

The largest industries in Dallas are business and financial services, information technology, and health services. These businesses have a large share in the employment of the Dallas population. Chart () shows the percent change in employment in each

industry on the local level compared to the national level. It also reveals the presence of each individual industry in the city of Dallas. The five

Figure 3



largest companies in Dallas, in order from largest to smallest, are American Airlines, Bank of America Corporation, Texas Health Resources Inc., Dallas ISD, and Baylor Healthcare System.

The largest industries in Chicago are service, manufacturing and exports. The service industry contributes the most amount of money to the state economy. Hotels, law firms, accounting firms, and engineering powerhouses provide the most money to the state. Chicago is a large manufacturer of machinery and processed food. Chicago's five largest companies, in order from largest to smallest, are Walgreens Boots Alliance, Boeing, Archer Daniels Midland, United Continental Holdings, and Allstate.

7. Describe the quality of the city's healthcare. Describe the quality of the city's school districts.

The Dallas-Fort Worth area hospitals are among some of the top in the nation. Dallas offers seven healthcare systems. These have all been recognized and rewarded on the national basis. Dallas Health Resources and Baylor Health Care System both retain over 20,000 employees. Both of these institutions are nonprofit systems ranked among the top in the nation.

The Dallas public school system has shown large growth. An annual increase of \$126 million will be put back into the public-school system. In the past 10 years, the ISD has improved their retention rate of teachers. With the continued improvements to the public-school system, I would plan to send my children to public schools.

Illinois ranks 35th in the nation, when it comes to quality of healthcare. New access to healthcare is stagnant because there is not an increase in the budget to improvements in healthcare. Patrick Lenihan, the executive director of the Public Health Institute of Metropolitan Chicago, advises residents have minimal access to healthcare, forcing them to endure long waits.

Chicago Public Schools have five schools among the top 100 public schools in the nation in the last three years. Those five public schools are the top five in the state of Illinois. Walter Peyton College prep made it to nine on the list of national public schools. Many of the top public schools use selective enrollment to choose students based on grades and merit. With that being said, my children will attend public school in the Chicago Public School system.

8. What types of crimes are common within the city?

Dallas is above the national average for all levels of violent crime. The city was also above the national average for all levels of property crime. The city of Dallas is above the national average for crime by 44%. Like most city's crime can be avoided by private parking garages and high security apartment complexes, which are prevalent in Uptown, Dallas.

Chicago has more than double the amount of violent crime per 100,000 people compared to the national average. Property crime is not as high in comparison, but is still above the national average. Chicago crime is above the national average by 59%. An above average rate of crime can be expected of a large city, but Chicago is among the most violent cities. Ways to avoid property crime could include, not owning a vehicle because Chicago has such a strong public transportation system.

9. Based on where you see yourself living for the first three years, how much rent do you expect to pay?

Uptown, Dallas is home to much of the city's young population. There are multiple apartments down McKinney Avenue and the neighboring streets. To begin my career, I plan to seek out a small apartment in a young part of the town. Rent in this district is on average \$1,700 a month. This is a high rate, but it provides amenities as well as savings in my daily aspect. It is only 584 square feet and has one bedroom and one bathroom. I do not plan to have a roommate, so a studio apartment is ideal for living in the heart of the city. The apartment complex has a pool and gym, so membership

Figure 4



costs to either of those is automatically provided in the cost of the apartment. The apartment provides you with a numbered space in the parking garage. All of the complex has controlled access to prevent intruders.

My cousin currently owns a house in Wrigley Ville, Chicago. It is a 3 bedroom and 2-bathroom house. If I were to sign a lease with him, it would only be \$1000 a month for rent. I would have about 600 square feet to myself with a shared kitchen and possibly bathroom. I would have 2 roommates, if I were to move to Chicago,

Figure 5



which is similar to what I have done through my years of college. There are not the same amenities, that a single apartment would provide, but I would still be in a preferred location.

10. What is the typical mode of commuting?

With an apartment in Uptown, Dallas I would have a vehicle in an assigned parking spot in my complex. I plan to drive myself to work each time. Based on the average distance to many of the accounting firms in Dallas, the commute will be no longer than 20 minutes.

If I am living in a house in the city of Chicago, I do not plan to own a car. Chicago has a great public transit system, that I can utilize to get to work. Based on the average distance to many of the accounting firms in Chicago, a walk and a short train ride south of where I am living will be a commute time of 20 to 25 minutes.

11. Where will you do your grocery shopping?

In Dallas, there is a Kroger as well as a Whole Foods just down the street from my proposed apartment complex. In Chicago, less than a mile away there is a Whole Foods Market and a Jewel-Osco.

12. How will you do your laundry?

Both of my potential living situations provide a washer and dryer. I will not have to travel to take care of that basic necessity.

13. Name at least three civic, religious, or charitable organizations you would like to be active in for each city.

The first organization I would get involved in each city would be a Catholic church. In Dallas, my sister is a member of St. Peter's Catholic Church. I would pursue my faith through St. Peter's. In Chicago, I would pursue membership of Saint Benedicts Roman Catholic Church. Education of the next generation is an interest of mine. My parents both volunteered with Junior Achievement, when I was in school. It is a young mentoring organization, that helps with the guidance of youth into society. I would want to get involved in Junior Achievement in Chicago or Dallas. In Dallas, I would want to volunteer in Crossroads Ministry. In Chicago, I would get involved with the MS Awareness annual softball game. My grandfather has MS, and it is a great event, that spurs donations and builds the community.

14. What are the sports, entertainment, or recreational activities that you would be most likely to engage in within the city?

I am a huge fan of college and professional athletics. Firstly, I would attend many of the Dallas Mavericks home basketball games. I have attended a Mavericks game in the past and could see myself continuing to attend games. I would also attend TCU football games. I have rooted for TCU since I was a child, but I have never had the opportunity to attend a game. I would have to get involved in recreational league basketball because it is the one sport I still love to play. The Katy Trail is not too far from my potential apartment, and it is a large park. I could see myself running or walking the trail on nice Saturday afternoons. Lastly, I would attend the Stockyards in Fort Worth. I have been before, but I want to make it back for a rodeo.

Chicago is another great sports town. I would definitely be attending Chicago Bears football games. I am yet to make it to a game in Soldier Field. Because I love to watch basketball so much, I would be attending many of the Chicago Bulls games. I would also be living down the street from Wrigley Field, so it would be easy to make it to a baseball game. I would probably exercise and sight see in Grant Park. There are constant festivals throughout the year, that take place near Grant park. Lastly, a nice summer activity would be to exercise or just hangout on the shore of Lake Michigan. I have been a couple of times in the summer, and it is always alive with people.

15. What are the modes of traveling back to your hometown?

It would be too far to drive home from Dallas for a weekend and possibly even a short week trip. Living in Dallas, it is likely that I would have to fly to my hometown. Direct flights are between \$200 and \$300. It would take a little over two hours one way on a plane to get home.

Chicago is only five hours from my hometown. It would be feasible to drive, but if I live in Chicago, I do not plan to own a car. A flight is between \$150 and \$200 for a round trip. It is an hour and a half from Chicago to Louisville. I would not have to travel home as many times when living in Chicago because all of my mom's side lives in Chicago.

16. Develop a monthly operating budget for year 2, based on an annual salary of \$60,000.

	Dallas: Year 2	Chicago: Year 2
	Budget	Budget
Income	\$5,000	\$5,000
Federal Tax	\$1,100	\$1,100
State Tax	\$0	\$245
Total Income	\$3,900	\$3,655
Expenses		
Rent Expense	\$1,700	\$1,000
Car Insurance	\$50	\$0
Health Insurance	\$400	\$400
Gas Expense	\$60	\$0
Phone Expense	\$50	\$50
Dine Out	\$80	\$80
Car wash	\$15	\$0
Entertainment	\$400	\$400
Grocery Bill	\$240	\$240
Total Monthly Savings	\$905	\$1,485

17. Determine which one is your preferred city and why?

After analysis of both of the city's, Dallas is my preferred city. I was able to analyze nearly every aspect of Dallas and Chicago, that may apply to my situation. Dallas is favored in most categories, but not all of them.

The city of Dallas itself is smaller than the city of Chicago, but there is a large surrounding area in Dallas. This would provide for more activities and more diversity. Dallas does not have an income tax or high sales tax rates, so the cost of living later in my life would not be as high. Although I would like to not have to pay for any of the expenses of a car, commuting to work from my home would not be a stressful drive. In Dallas, the weather will allow me to do outdoor activities year-round. The largest set back of Dallas would be traveling back home. My parents have talked of moving to Dallas in the past. This would mean there is not as much reason to go back to Louisville, but it is still inconvenient.

The Brexit



Kyle Liebert

October 9, 2019

Table of Contents

Page 1: Title Page

Page 2: Table of Contents

Page 3: Introduction

Page 4: Viewpoint of the Brexit

Page 5: Viewpoint of the Brexit, cont.

Page 6: Opposing Viewpoint of the Brexit

Page 7: Opposing Viewpoint of the Brexit, cont.

Page 8: Update on the Brexit

Introduction / Purpose of the Case

The leading global news story from month to month in the past three years has been the potential exit of Britain from the rest of the European Union. Deadlines have been set, only to fail in finding an agreement. The political discussion has been drawn out for more than three years and left at a standstill.

The vote to leave the European Union won in 2016, but it narrowly won by a 52 percent to 48 percent difference. This means that there is a significant divide in the decision by Britain to leave the EU. It has caused political picketing for both sides.

In class, we originally watched a film on the reasons for leaving the European Union. Many of the interviewees presented their reasoning with strong emotion. They made a strong case for why Britain should be free from the oppression of the European Union.

With every argument, there are two sides. There is a strong group of citizens who oppose the decision to leave the European Union. They look at the economic turmoil the country could fall into because of a split with the Union.

The process of a deal is ongoing. There is a new deadline set by a new Prime Minister in office. The results of the next 31 days could bring changes for not only Britain and the EU, but for the global economy as a whole.

Viewpoint of Brexit

The video brought to light the sense of hatred, that the British people have for the European Union. The European Union was picked apart from top to bottom. The viewpoint of the interviewees was portrayed as anger and a feeling of oppression. The British people are being offered a chance to vote on the secession from the EU. It is the people's one chance to earn true independence in their lifetime. According to the video, the European Union is unable to be understood, kept in secret, earning power as a dictatorship, and ruining industry in Europe, especially Britain.

The European Union is a dense organization, that seems to have no real reason for hierarchy, except to make money from tax dollars. There is no understanding for how an EU council member is chosen. They seem to be elected from within. No country has true participation in who is in office. The system is devised to put the 'elite' in control, while oppressing the general public. There are 4 different Presidents, endless amounts of auxiliary commissioners, and an infinite amount of council members.

The total payroll for the EU is over 50,000 people. Of them, one fifth of them (10,000) are paid more than the British Prime Minister. The employees within are very generous in giving themselves perks.

Similar to the excess amounts of employees being a mystery, so are their daily tasks. All of the laws are discussed in secret. Once something is made into European law, there is no changing it. Many of the laws passed touch on how, why, or for what a European citizen can purchase daily goods. All goods are regulated and taxed without any authority stopping them. The tax and regulation seems to paint a similar picture to the American Revolution.

The European Union has not only become an unfair governing body; they have become a dictatorship. Britain has voted against 72 measures of laws and been denied in all 72 of them. The EU has funneled money into their organization by destroying industry through regulations, tariffs, quotas, price fixing, and attempting to recover failed industries.

The industries of Britain and neighboring countries have suffered because of the EU's strict regulations. The fishing and steel market were both analyzed. When Britain joined the EU, they lost control of their fishing market. Local fishermen were outlawed from fishing in their local waters. The waters were opened up to several other countries. This has caused a collapse. The EU began paying British fishermen to leave the industry. The failure of one industry affects the connected industries. The steel industry has been heavily regulated to lack innovation. Any industry that is a consumer of steel has fallen behind and continues to fail as a result.

New trade deals are being pushed by the British people. The World Trade Organization is appealing current EU trade restrictions. The WTO has begun to open free markets. Britain has begun trading with the large markets of the world, such as United States, China and India. The EU has no regulations on trade with those countries, so many of the countries products are imported from them.

If there is not an agreement worked out between the EU and British parliament, it seems that the Brexit will be inevitable. As the opponents of the EU in Britain grows, its chances for continued governance fades.

Opposing Viewpoint

The opposing viewpoint to the video we watched focuses on the immediate and future consequences to the British economy because of the Brexit. Multiple scenarios are at play in the result of the Brexit. The two Brexit ideas that the opposition fear the most are the No-Deal Brexit and the Hard Brexit. Both of these would have lasting effects on the British economy and many traders such as the UK, members of the EU, and the United States.

The consequences of a No-Deal Brexit would affect trade and travel through the country. Trade with Europe would be prohibited by high tariffs. The EU controls trade with foreign nations, so Britain would be highly susceptible to heavy taxes. All imports and exports with the EU would become more expensive. Inflation would rise because of the tariffs.

Under a No-Deal Brexit, Ireland would still be under the umbrella of the European Union. Since the countries would belong to two different governing bodies, the border would require customs. Over 35,000 commuters from the country of Ireland would have to travel through customs daily to get to work.

On top of all of the economic inhibitors from leaving the EU, Britain would be forced to pay its debt to the EU. It is currently at \$51 billion. This would immediately affect Britain's ability to stand alone as an independent nation. The country would also need to guarantee EU citizens their citizenship in Britain, if this deal is passed.

The next option for Britain leaving the EU is through a Hard Brexit. It contains similar aspects to the No-Deal, but it involves a trade agreement with Ireland and the EU. It seems unlikely that a trade agreement could be achieved.

If Britain left the EU through the Hard Brexit, it would affect the city of London's status as a language bridge between English speaking countries and the EU. There is a high threat of lost jobs in Europe because of the Brexit. This could force the economy into a slump and an inevitable housing bubble because of the exodus of people.

A Hard Brexit would affect travel and communication between European countries. Although some kind of trade deal could be reached, airline travel, cell phone lines, and internet services are all tied up through the EU. The Brexit would leave Britain with high costs of communication. internet services are all tied up through the EU. The Brexit would leave Britain with high costs of communication.

The United States uses Britain as a bridge to the rest of the EU. Many of the jobs placed in London by Americans form a connection of trade. If the Brexit happens, this trade path could be lost. It would cause more economic turmoil in Britain.

The opposition believes the Brexit supports anti-globalization. The Brexit soils the British economy and shrinks its credibility as a country. Many connections and agreements would be lost through the Brexit.

Update on the Brexit

The original vote for the United Kingdom to leave the European Union was held on June 23rd, 2016. The vote to leave the EU won, receiving 52% of the votes. The then Prime Minister Theresa May outlined the Brexit to the EU in Article 50. It was submitted on March 29, 2017 and gave the EU exactly two years to make a decision. The deadline has now been pushed back to October 31st, 2019.

Currently the two foreseeable outcomes are another extension on the deadline or Britain leaving with or without a final agreement on the split. The most recent deal proposed is a reformed Irish border. Boris Johnson, the current Prime Minister proposed a deal to have a special border policy with Ireland for the next four years.

The new plan formed by Johnson has been submitted to EU officials. It is now up to them to reach a decision in the next two weeks. Johnson does not seem to be backing down from the set October 31st deadline.

In the coming days, Parliament is assumed to become suspended and a European Council Summit will be held. The Parliament will help to form the Queen's official statement. In time, the summit is expected to resolve relations and ultimately reach an agreement for the Halloween Deadline.

Aflac



Bridget McMillan, Samantha Stershic, Mason Quaka, Kyle Liebert

Table of Contents

Page 1: Title

Page 2: Table of Contents

Page 3: Introduction

Page 4: Nature of Company, Auditors, Balance Sheet

Page 5: Balance Sheet

Page 6: Balance Sheet, Customer Base

Page 7: Customer Base, Suppliers

Page 8: Expenses

Page 9: Revenues and Net Income

Page 10: Estimates and Judgements

Introduction and Purpose

This case assessed our team's ability to navigate a company's annual report and draw conclusions from the information contained within the 10-K. This is essentially a public document required by the United States Securities and Exchange Commission (SEC) to be released publicly for use by potential investors, explaining a company's financial position, current operations, finances, risks, and opportunities. From the annual report, an investor can determine how a company generates profit, what markets it currently operates within, and risks faced by the company. The 10-K contains financial statements including the income statement and balance sheet and disclosure of any accounting practices used to record information about policies, inventory, etc. The 10-K also includes signed letters from the CEO and CFO that signifies the accuracy of the books.

Our group was assigned Aflac, a supplemental insurance company. Aflac was founded in 1955 and is based in Columbus, GA. The company focuses its efforts primarily on policies that are not covered by primary insurance companies; they help cover expenses that health insurance does not. The company generates revenue through health insurance premiums, voluntary supplemental insurance, and life insurance, doing business in both Japan and the U.S.

Through the annual report, our team obtained information about the company's auditor, KPMG. We also evaluated Aflac's balance sheet, looking at its assets, liabilities, and equity accounts. We determined the amount of revenues generated within the United States and outside as well as the income generated from other operating expenses. We found the costs included in the cost of goods sold and noted who the suppliers were. We

were also able to analyze the change in expenses and revenues over the past three years and draw conclusions based on the information found within the annual report as well as supplemental articles to support what we saw in the financial statements. We compared net income to cash flow from operations and noted what accounted for the difference. This case helped us learn to better navigate a 10-K, a skill undoubtedly valuable in the accounting industry. It gave us the opportunity to evaluate the information contained within the annual report and draw conclusions about the position of the company.

1. What is the nature of the company? Based on what you read in the company's annual report, how do they generate profit? Where is it headquartered? Where do they do business? What is their fiscal year end? If this date differs from the calendar year-end, why did they choose it?

Aflac is a supplementary insurance company. The company focuses on policies that pay cash to help cover expenses that health insurance does not. The company generates profit through health insurance premiums, voluntary supplemental insurance and life insurance. This information was gathered from the annual report under Item 6. According to Item 8 Note 2, Aflac is headquartered in Columbus, GA and does business in Japan and the U.S. The Fiscal year end was found in Exhibits, Financial Statement Schedules, showing that Aflac reports its year-end as the calendar year-end, December 31.

2. Who are your company's auditors? Name the firm and city.

KPMG audits Aflac. The firm is located in Atlanta, Georgia.

3. Describe each asset on your company's balance sheet. Determine any relevant accounting policies related to these accounts. Now do the same for liabilities and equity accounts.

Aflac has many assets on the company's balance sheet, all recorded in millions. These include securities available for sale, which are priced at fair value and are worth \$82,895, securities held to maturity that are worth \$30,218 at amortized value, equity securities at fair value of \$987, and other investments of \$7,706. It is important to know that for the mortgage and asset backed securities, Aflac uses a constant effective yield, which is

recalculated to consider the actual adjustment had the new effective yield been applied at the time of purchase. Cash and cash equivalents are valued at \$4,337 and cash on hand, money market instruments, and other debt investments with a maturity of 90 days or less when purchased, make up this value. PPE is made up of land with a value of \$168, equipment and furniture with a value of \$400, buildings at \$456, and accumulated depreciation at \$581. This depreciation is computed on a straight-line depreciation where buildings have a life of 50 years and furniture and equipment have lives of 20 years. Accrued investment interest is another asset on the balance sheet that is valued at \$773. Receivables is the last asset recorded at a value of \$773.

The liabilities and equity on the balance sheet are also recorded in millions. Policy liabilities, with a value of \$86,368, unpaid policy claims worth \$4,584, unearned premiums valued at \$5,090, and other policyholders' funds, with a value of \$7,146 are a large portion of the liabilities section. Unpaid policy claims are estimates computed on an undiscounted basis using historical statistical analysis adjusted for current trends and conditions. Additionally, the insurance premiums include those for cancer, accidents, hospitals, critical illnesses, dental, vision, term life, whole life, long-term care and disability, and are recognized as revenue over the premium-paying periods. Notes payable has a value of \$5,778 while payables for return of cash collateral on loaned securities is worth \$1,052. Income taxes are valued at \$4,020 and other liabilities have a value of \$2,906. Other liabilities include derivatives from consolidated variable interest entities. Common stock under the equity section of the balance sheet is at \$10 at par value. 1,900,000 shares were authorized in 2018 and 2017, but only 1,347,540 shares in 2018 and 1,345,762 shares in 2017 were issued. Additional-paid-in-capital has a value of

\$2,177 and retained earnings is worth \$31,788. An unrealized foreign currency transaction loss of \$1,847 documented, along with an unrealized gain on fixed maturity securities valued at \$4,234 and an unrealized loss on derivatives worth \$24 were reported. A pension liability with a value of \$212 was recorded in the equity section, in addition to the treasury stock, valued at average cost, worth (12,789). A two for one stock split did occur in February 2018, which affected the liabilities and equity of Aflac. Finally, it is crucial to know that the assets, liabilities, outstanding principal, and related accrued interest accounts are translated from Japanese yen to dollars at an end-of-period exchange rate. Other revenues, expenses, and cash flow are translated using average exchange rates for the period. Aflac is a large company and therefore has many assets, liabilities, and equity, all with separate accounting policies.

4. Describe your company's customer base-who are they and how do they use your company's products or services? Describe your company's specific sources of revenue and their revenue recognition policies. How much revenue comes from outside of the U.S.?

Because Aflac is an insurance company, the company's target customer is 35-54-year olds. This target market is addressed through the Aflac Duck commercials. Aflac specializes in cancer expense insurance, but has expanded its market into supplemental insurance, which helps customers pay out-of-pocket expenses not covered by primary issuers. Aflac's supplemental health and life insurance policies are classified as long-term contracts, which is where the revenue comes from. Generally, the contract provisions cannot be changed, but the premiums can be adjusted for prescribed guidelines. The

premiums, as stated above, are recognized as revenue while related amounts of benefits and expenses are charged against the revenues. The premiums are collected over a shorter period than the length of the period for which the benefits are provided. Any possible gross premium in excess is deferred and recorded in earnings, so that profits are recorded in a constant relationship with insurance. Any benefits are recorded as an expense when they are incurred and liabilities for future policy benefits are recorded when premiums are recognized. Interestingly enough, 70% of the company's revenue comes from Japan, which besides the United States, is the only other market for Aflac.

5. Describe your company's suppliers – who are they and what products or services do they provide to your company? What types of costs are included in your company's COGS?

Aflac's suppliers are unlike many other industries. There are basic needs of insurance companies, that are costs all companies incur. Aflac has simple suppliers for things such as office supplies, office equipment, and material for insurance cards. Much of Aflac's business is not, however, generated from the sale of insurance cards. The main suppliers of Aflac's insurance policies are the policy holders themselves and banks. Policy holders pay forward for insurance policies, which in turn finance their own and others insurance policies. Insurance works by pooling policyholders' of similar risks monthly payments to cover losses. Risk and savings plans play an important role in the supply of the company.

Because Insurance is a service company with no tangible product changing hands, most of the costs of goods sold will be incurred from salaries. The direct materials

associated with cost of goods sold are minimal and are hardly calculated. Items like insurance cards are pennies on the dollar to distribute. The largest cost of goods sold incurred is through the issuance of salaries of workers directly involved in the sales and service of insurance policies. All other expenses are indirect costs.

6. Describe each category of other operating expenses on the income statement – how do these expenses help generate revenue?

The list of operating expenses includes amortization of deferred policy acquisition costs, insurance commissions, insurance and other expenses, and interest expense. There is an expense for amortization of the DAC. A deferred acquisition cost is when the costs for acquiring a new customer are drawn out along the period of the insurance contract. This expense allows Aflac to not incur such high costs at the beginning of an insurance policy, rather the expenses are stretched across the term of the contract. Insurance commissions are closely tied to employees' salaries. As incentive for selling insurance policies, employees are given percentages of sales. This expense encourages workers to excel in their issuance of policies. On the consolidated statement of comprehensive income is the expense for insurance and other expenses. This includes insurance claims. A claim is request to the insurance company to cover the costs for a loss. This is the intangible product, that drives revenues for an insurance company. When an incident happens, people file for claims to Aflac for events covered in their contract. Aflac then provides their customers with compensation. The last expense on the statement is an interest expense. The interest expense covers interest incurred on cross currency, interest tax, and any outstanding debts. Interest expenses are basic expenses of doing business.

7. How have revenues and expenses changed over the past three years? Can you find any articles in the business press to support what you're seeing in the financial statements?

In the year 2016, Aflac had revenues of \$19,225,000,000 and expenses of \$18,492,000,000. The following year their revenues dropped by 3.6 percent to \$18,531,000,000 and their expenses dropped by 4.6 percent to \$17,649,000,000. Last year Aflac had revenues of \$18,677,000,000 and expenses of \$17,775,000,000; rises of 0.8 percent and 0.7 percent, respectively, from 2017's revenues and expenses. The revenues from 2018 were still down 2.9 percent from two years prior with expenses being down 3.9%. One article from the CFO talks about this small decline in Aflac's revenues. The article, titled "For Aflac, Slow Growth Means Extra Cash Flow", says that the reason for Aflac's fall in revenues over the last couple of years is because they are able to acquire more profitable cash while in this low-growth mode. When Aflac's growth rate slows down, their cash flow and capital generation start to pick up. On average, Aflac is investing \$800 million towards the company's common stock dividend yearly and also has a \$250 million venture capital fund.

8. Compare your company's net income to their cash flows from operations. What accounts for the difference?

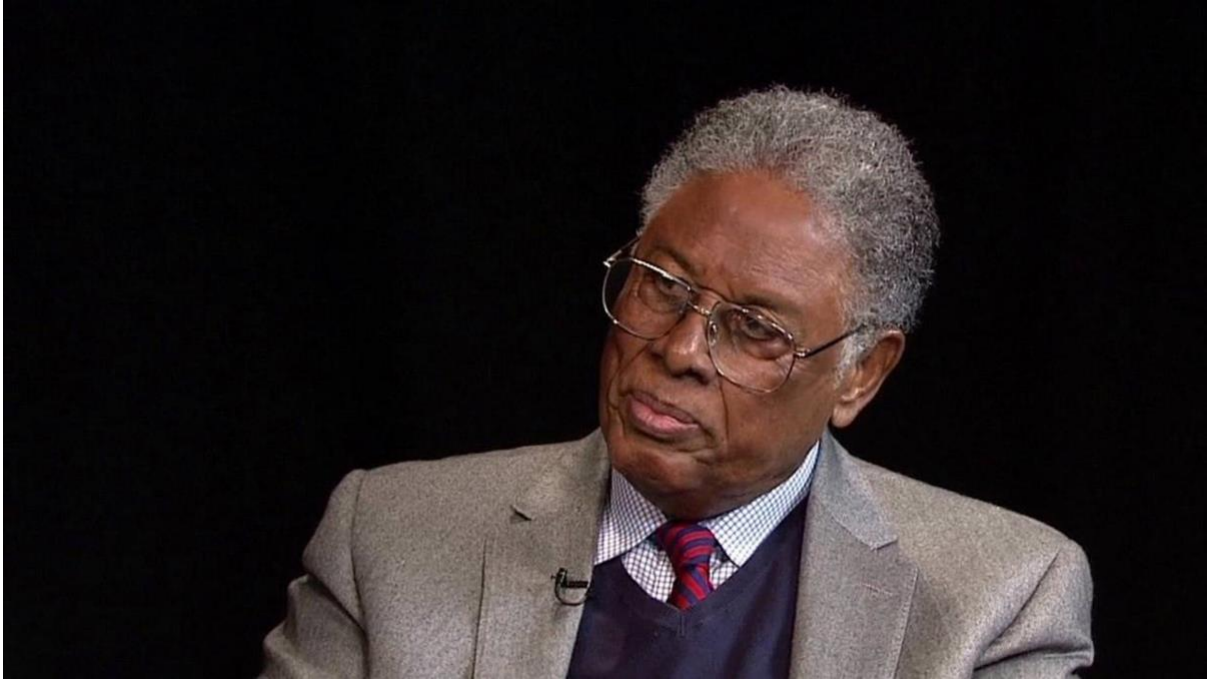
In 2018, Aflac's net income was \$2,920,000,000 and their cash from operations was \$6,014,000,000. The difference between the net income and the cash from operations is because there are accounts and other factors that affect net income but are non-cash. The accounts receivable account and capitalization of deferred policy acquisition costs both

increased that year, this increase in these accounts increases net income but are both non-cash. The other accounts that affect this difference between net income and cash from operations are amortization cost, policy payable and income tax payable, and a loss in an investment. All of these accounts increased over the year, which caused a decrease in the net income. But because all of these accounts are non-cash, they do not decrease cash flow so must be added back to net income in order to find the cash from operations.

9. Which accounts on your company's balance sheet contain estimates or judgement?

Aflac's balance sheet includes a few estimates and predictions requiring judgement from the company. It carries a reserve as a liability which is predicted based on how much is required to pay future benefits. The company calculates as an estimate the amount of tax that is payable. Aflac also estimates the fair values of its security on a monthly basis. The company uses judgement to estimate its deferred Policy Acquisition Costs and the liability for future estimates.

Thomas Sowell



Kyle Liebert

December 4, 2019

Table of Contents

Page 1: Title Page

Page 2: Table of Contents

Page 3: What was the Video? - Introduction

Page 4: What was learned from the Video?

Page 5: Overall Impression of the Video

Introduction / Purpose of the Case

The Thomas Sowell was interviewed on Uncommon Knowledge and offered a new perspective to the influence of social class structure and its effects on the population. Uncommon Knowledge is an interesting series of videos, that interviews unique minds in order to find a new perspective. The interview with Thomas Sowell started with a look into his upbringings. He touched on his beliefs on the economy, social structure, and political policies. The main topic of discussion was the disparity of African Americans and how each government policy has affected their lives for worse or for better. He gave an interesting point of view on the nature of human society. Similar to the snowball effect, Dr. Sowell expressed how one policy that seems in favor of a group of people can actually do more harm than good.

What was learned?

Thomas Sowell was a Harvard student, that looked beyond is day to day life to find connections in trends in the economy. When developing economic opinions, he began to take to Marxism. He was then dissuaded because of the idea of government having different interests than the rest of the nation. In his book, Thomas talks on a constrained and unconstrained vision. The constrained vision explains that the evils of the world are constrained by reality. This means that the good things in the world happen automatically, but bad things are always someone's fault. The unconstrained vision expresses that fundamental evil is formed by institutions. There is no belief for equal opportunity in nature, and people must take it upon themselves to fix it. Sowell also believes that Americans attempting to form equal opportunities has actually hurt the evolution of change, more than it has helped it. Sowell explains how welfare pays couples to not be married. Because of this lack of motivation to form a family structure, Sowell believes this lifestyle choice affecting the poverty rate negatively. Another political issue he touched on was welfare. He said, "if we stand up to the welfare state, family structure can 'reground' itself". He believes the connection between welfare and family structure has a direct effect on the poverty rates of minorities.

What was your overall impression?

The Uncommon Knowledge interview let me understand an interesting point that was backed up by statistics. I often cling to the belief that government assistance in most cases can negatively affect the development of individuals and ultimately, the society as a whole. I was hesitant to stay in line with all of his thoughts, but many of the points presented were backed by experience and statistics.

The explanation of welfare's effects on the family structure was a controversial, yet intuitive point. Sowell states welfare for single mothers harms the family structure. I think to some affect that this conclusion holds truth. Like any assistance, it may not be as appreciated as earning for yourself or struggling through for results. As a child, you are given many gifts, whether they be toys, money, or electronics. You have no sense of working for what you have, until you have reached a certain age. It is the parents' responsibility to teach lessons of work and rewards. Instinctively, you treat the best are the ones, that you have earned as oppose to those that are given. I believe this translates directly to the welfare system. Not only is the system rewarding split couples, but it is allowing people to rely on the government, as oppose to being thrown into an unequal environment. This idea is in direct connection with what Sowell believes about the unconstrained vision. People see equal opportunity as something, that needs to be formed artificially through government assistance. In nature, there are no given opportunities; so, it is quite literally a 'dog eat dog' world.

Regulation Fair Disclosure



Kyle Liebert

January 28, 2020

Table of Contents

Page 1: Title Page

Page 2: Table of Contents

Page 3: Introduction

Page 4: Regulation Fair Disclosure

Page 5: Why Reg FD?

Page 6: Client Questions

Introduction / Purpose of the Case

In this case, we were presented a four-part research discussion. We were first asked to identify what Reg FD is and how it affects our client's financial reporting actions. Based on our knowledge of readings, we were then asked to explain why Reg FD exists through the scope of individual investors and analysts. Lastly, we were tested on a real-life scenario. After reading the results of a similar scenario, we were asked if our opinion had changed.

Regulation Full Disclosure was put into law in 2000, in order to protect individual investors and inhibit insider trading by analysts. It has changed the landscape of how analysts make decisions to broadcast to the public, as well as how companies release dense content.

Reg FD has resurfaced to question the way social media is accounted for under the federal law. Social Media is a very resilient platform, that has only had a useful existence in the past decade or two. Reg FD has to cover more levels of communication than before, which raises questions on how executives can release information.

Some investors applaud the ruling by the Securities and Exchange Commission to instate the law, while others are hurt by it. Executive board meetings are now even more private than previous.

I learned what Reg FD entailed. I also learned how it applied to all people of the business world from the CEO down to an individual investor. Reg FD is a law that will continue to raise questions about our adapting world.

Regulation Fair Disclosure

Regulation Fair Disclosure is a law instated by the Securities and Exchange Commission. It states that if a publicly traded company releases any material nonpublic information, this information should be disclosed within the notes. Whether intentional or unintentionally shared with members of the company, the material information must be disclosed in the notes.

Regulation Fair Disclosure was instated in October 2000, in response to investors distrusting the market. Regulation FD allows for information disclosed to the general public about the stock/company. All financial statements must include disclosures and are usually accompanied by a press release to answer questions. The answers to the question are thoroughly rehearsed by the board. The law does not allow for selective disclosure of material events within the company. This includes possible losses that the company could have incurred. If the company did not have to publicly disclose these events, individuals close to the company could benefit from the rise or fall of an entity.

The disclosure of information should happen simultaneously or promptly depending on whether the information was intentional or unintentionally shared. There seems to be some grey area between intentional/unintentional as well as material/immaterial.

Why Reg FD?

Reg FD was instated in order to protect the interests of individual investors.

Before Reg FD became law by the Securities and Exchange Commission, many analysts were sitting in on meetings or receiving information directly from the mouths of issuers of stock. With Reg FD, any material information on a company is released at one time in a statement to the public.

Individual investors are protected because their informed opinion can stand a chance against an Analysts, now that information becomes public to all. Individuals can follow market trends, CEO press releases, and financial statements to understand the well-being of a company. Individuals are more empowered. Although analysts offered guidance, there are many documented times that the analysts led investors down the wrong path. Analysts got to hold all of the private information and interpret it to the public.

On the other side of the coin, analysts argue against the fact that it helps the public. Reg FD is instated to protect against an analyst holding more valuable information, than an individual. Analyst disagree; some believe that the guidance of analysts has helped to keep a steady portfolio for individuals. When information is released publicly, stock prices have sudden rises and falls. This is because news outlets are flooded with handfults of information at one time.

Client Question

I do not believe this is a violation of Reg FD. The CEO is releasing this information on the company to the public for anyone to see. Although this is not a formal disclosure, it would lead me to think this is against Reg FD, but it seems to fall in line with who the information is released. The information is posted in a way for all to see. It is nonfinancial information, but it is still material information that can be released as public domain.

Revised Answer

I stand by my original answer. He posted facts about the company's production. Similar to Hastings he posted no such information that could be taken as sarcasm. The post held material information released to the public on an unrestricted platform.

Emma as Lady MaMa



Kyle Liebert and Emma Acheson

Table of Contents

Page 1: Cover Page

Page 2: Table of Contents

Page 3: Introduction

Page 4: Introduction continued

Page 5: Letter to Partner Group

Page 6: Letter to Client

Page 7: Letter to Client Cont.

Introduction

This case was an introduction to tax and the importance of filing taxes correctly. We looked at a situation involving a thirteen-year old girl who is famous on YouTube. On average, she is making between \$10,000 and \$15,000 a month in advertisement revenue. Additionally, various companies and brands send her gifts in hopes that she will show their products on her YouTube channel. She has been earning this money tax-free, as she is a dependent under her parents and this income has never been reported on her parents' tax returns. The tax partner that files her father's taxes was unaware of this abundance of income that had been overlooked for years. Because this is a rare situation, the tax partner is unfamiliar with the proper procedures that are required in this specific instance. There were several key problems that we had to research to find the correct way that this family should have been filing their tax returns. We had to identify whether or not the earned income from advertising revenue was legally considered to be her income or her parents' income. Furthermore, it needed to be determined exactly how much of this income is taxable, and at what rate. We analyzed tax brackets and how these would affect the rate at which her income is taxed. It was also necessary to research the additional types of taxes that YouTube revenue is subject to, because she is technically self-employed. In addition, the unearned income from possible earned interest needed to be taken into account, as her income had been invested into a savings account for quite some time. Because she made such a substantial amount of money, it is possible that there could be large consequences for the amount of taxable income excluded from the past four years' tax returns. This case allowed us to be able to analyze a complicated situation

regarding the filing of tax returns and understand the reasoning behind certain federal tax laws and regulations.

Letter to Partner Group:

Dear Members of Willington & Co.,

I am writing to inform you of an incident I talked myself into, during lunch. The CEO of Company YYY, David Smith, and I were out to lunch. He brought up the topic of his family and how proud he was of his daughter. He explained to me that she was earning an average monthly income of \$12,500 without paying taxes for the past four years.

This was an immediate red flag. I immediately went back to the office to research what kind of implications this could have on unlawful tax practices. Because she is under the age of 18, she is listed as a dependent on the tax return. Her father is among the highest tax bracket, which would levy high taxes on their daughter's income. As a YouTuber, her parents have to file the income as under the self-employment rate as well as the federal tax rate of her father. The current self-employment rate stands at 15.3% and the federal income rate stands at 37%. This could be up to \$75,000 in taxes paid.

She will also have to list her interest earned on any CD rates. This will be listed as unearned income. Any unearned income over the threshold of \$2,200 for an underage individual is taxed. She may be susceptible to a tax of 3.8% on the unearned income of her savings account. This could be a taxable amount of up to \$40,000.

Lastly, she will have to file any of her gifts exceeding \$600 from advertisers. Depending on her yearly income of gifts, this could add to the overall tax expenses. These are all things as a team that we may need to correct. I apologize for all of this. We will be able to review at the office tomorrow.

Client Email:

Dear David Smith,

I am writing to inform you of our conversation about your daughter this afternoon. As a friend and as your accountant, I need to inform you of some of the research I had done on your daughter's income. I am not targeting you, but I am looking out for your safety as you could find yourself in an abundance of legal trouble, if you were to be audited by the US government.

Although your daughter has excelled as a young entrepreneur, she like anyone else is subject to taxes. I went back to the office to research what kind of implications this could have on illegal tax practices for you/your daughter. Because she is under the age of 18, she is listed as a dependent on your tax return. As a YouTuber, you will have to file her income under the self-employment rate as well as the federal tax rate of you her father. I will continue to dig into these rules to find deductions, but there will definitely be ramifications. This could be up to \$75,000 of her income in taxes.

She will also have to list her interest earned on any CD rates. This will be listed as unearned income. Any unearned income over the threshold of \$2,200 for an underage individual is taxed. She may be susceptible to a tax of 3.8% on the unearned income of her savings account. Worst case scenario, she will have to pay taxes on interest accumulated from up to four years back. This could be a taxable income of up to \$40,000.

Lastly, she will have to file any of her gifts exceeding \$600 from advertisers. Depending on her yearly income of gifts, this could add to the overall tax expenses.

I am sorry to bring you this news, but as someone who has been doing your taxes returns for five years. This could be detrimental. Because she has been earning income for the past four years, you may be subject to additional penalties for not filing in previous years. I regret to inform you, but I am trying to protect you, not get you in trouble. All of these numbers are worst case scenario. Get back to me as soon as you can.

Thank you!

Monopoly Meets Blockchain



Kyle Liebert

Table of Contents

Page 1: Cover Page

Page 2: Table of Contents

Page 3: Introduction

Page 4: What is Blockchain? / Manager Role

Page 5: Experience / Global Economy

Page 6: Globally Economy cont.

Introduction

The case covers a rarely touched on subject within our business curriculum, blockchain. This is a rather new type of currency, that has the accounting world debating the disclosure of such investments and transactions. Our class had the opportunity to experience some of the logistics through our Monopoly simulation.

The game consisted of a group of consultants. As consultants, they were tasked with organizing a master ledger to track any and all transactions. Auditors also shared a roll as the higher ups. They were in charge of auditing the business statements of every company. Next, Big Mama and Big Papa were in charge of selling real estate to all of the business managers. They kept their own ledger, while distributing property to each state. They connected the business managers to the consultants. My title in the game was a business manager. I was tasked, along with 7 others in my state, with acquiring land and traveling along the monopoly board. Each new property space we landed on was a chance to buy land or pay rent much like a normal game of monopoly. We were divided into 4 states. Each of could own land in different states, but we would only own half unless we landed on our property again. We had to keep our own ledger to report to Big Mama and Big Papa whenever we bought land.

Drawing from the game, it is an easy conclusion to reach that blockchain provides new problems in the business world. There is no paper trail of transactions between companies. Any transaction made would have to be documented by both the investor and investee on a mutual trust. This opens up more nightmares in the auditing world.

What is Blockchain?

Blockchain is a highly secure system of money transfer that is decentralized. It provides the sharing of money without using an institution. There is also no way to track each transaction, so fraud is fractional. Many countries around the world are testing blockchain through their central banks to make transactions without any fees.

Blockchain provides a new form of transaction between two parties. Each transaction is only processed through a private key. This is so secure because the passwords make it hard to replicate. There are long randomized groups of characters that are unique to your transaction. This does not make the payments susceptible to fraud. Each transaction is held in a general ledger. Every transaction in the ledger is intertwined with each other. The transactions form a web of connection.

Business Manager Role

My role in the blockchain module was a business manager. During the game, I was in charge of acquiring land, paying rent and keeping my own ledger. To start the game, we were asked to roll dice as business managers in our state. Each roll was a chance to acquire land or anything the space entailed. If we were to acquire land, we had to buy through Mama and Papa. I disclosed my state, the land, the cost, and my specific Number ID. When they marked land as purchased, I marked the land on my ledger. When paying rent, we had to contact the members of the cloud. This represented the documentation of the blockchain transaction. Instead of having a money trail, we had to form our own ledgers that dictated where money had flowed. Ultimately, there was a lot of mismatched pieces of land because of misinterpretation from one party to the next.

The auditors could not keep up with our transactions. Our word was enough to solidify a transaction using blockchain.

Experience in Blockchain

From the class experience, blockchain is a system that will be complicated to implement. Each transaction I made led to further questions and confusion about the documentation. Because of an understaffed blockchain management and business owners, it was hard to regulate each of the stages. The first part of the game moved fast. People were rolling dice and flooding the front desk with questions. It did not seem to flow, until we were well into the process. This could stem from the initial confusion of the game. There were a lot of rules and steps to be covered. We had little time to get a grasp. The flow could have also been affected by the complicated process of documenting payments in a blockchain. Although it was complicated, there could be use of it in the real world because of its advanced level of security.

Global Economy Opportunity

I believe that blockchain is a viable option for the global economy. It will take the collaboration between auditors and individual firms to guide the disclosure of it in the early years. There are obvious concerns with new accounting principles, but it could pay off. One of the largest benefits of blockchain on the global scale is getting rid of currency conversions. While making global transactions, there is no need to factor in a currency conversion into the cost or investment. Currency conversions can cost firms because they are so volatile from day to day. There are also perks to blockchain dealing with the speed

of each transaction. When making a transaction through a bank, there is often a 1-3 day delay on receiving or forwarding any money into an account. If the global economy chose to move transactions through blockchain any and all transfers of money would be immediate. The last benefit of blockchain not discussed would be the security incentive. The only way to track the transaction is through a special key that is too hard to guess. It is nearly impossible to intercept payments between two entities. In saying all of this, I believe blockchain is a viable option for companies in the very near future. There will need to be precaution taken when auditing and disclosing, but I believe it is possible.

Business Community Connection

Kyle Liebert

April 1, 2020

Table of Contents

Page 1: Title Page

Page 2: Table of Contents

Page 3: Introduction

Page 4-7: Synopsis of interview

Introduction / Purpose of the Case

I interviewed my aunt, Michele Keilman. She is a CPA as well as a small business owner. Her transition into the field of accounting was not too dissimilar from mine, yet it had a unique touch. Her interests were similar to mine in her career and even her learning experience through high school and college.

It was nice to get another perspective than mine on the business world. For all of my classes that have asked me to reach out to someone older than me, it has presented me with a unique opportunity to gather a relationship deeper than the surface level knowledge of a career. Someone years older than me has more experiences than I could imagine. Often times, these experiences can be lost by that person. It is a great experience to turn over stones that had not been turned over in years.

In this specific interview, I learned that the path through life is not always linear. The experiences one gets involved with are not the experiences their 21-year-old self envisioned. A lot of the tales of people's early childhood can lead to fields of interests. From someone much older than I, it was easier to see their progression from start to current.

I would like to make it a habit of mine to not only reach out to family members that could offer guidance, but family members that could offer a new perspective. You can read all of the books in the world, but without the personal guidance of another individual you may not get the vision you want or need. It seems to take knowledge, experience, and a network of people to make it in the business world.

Interview

Michele was born and raised in Calumet City, Illinois. She was the oldest of six children. Her father worked as a CPA at Ernst & Whinney, now known as EY. Her mother worked as a nurse. She played volleyball growing up, which at the time was one of the three sports offered for girls in her grade school and high school. She had been involved in the engineering club as a child. This sparked an interest in engineering, a career she imagined for herself. Her first job was in a bridal shop in high school. She continued working there, until she moved into the sales department. Michele used this job to work and attend school at her local junior college.

After working and attending classes for a year, she transferred to St. Joseph's College in Indiana. She took common curriculum, but decided on accounting in her Sophomore year (first year at St. Joseph's) she was going to major in computers and accounting. After a semester, she changed her focus to Accounting. Back then, accounting was a four year program to sit for your CPA.

One remarkable experience she had along the way was the opportunity to serve as a teacher's assistant in her accounting courses. She was not only taking the accounting curriculum, but she was writing the tests the class for the class she was enrolled. Her high school accounting courses allowed her to practically do the teacher's job for him. She would write the tests for all of her classmates, and the teacher would write a different test for her to take. She did this for her sophomore and junior year accounting courses.

Out of college, she started full time at Crowe-Chizek, now known as Crowe. She had interned in their South Bend headquarters, which progressed into a full time offer in the Indianapolis offices. There she specialized on bank audits of smaller banks. There

was a lot of travel in the job. Many times, she would spend days and even weeks at a time at different clients throughout Indiana. This job taught her about dealing with clients and even the technical software. One significant thing she learned was the new software she used for depreciation cycles. As an associate, she taught the new software to all of the partners in the office.

After gaining experience with this job, she leveraged a position at Coopers & Lybrand, now PwC, in Louisville, Kentucky. She had been in public accounting for two years and was quickly promoted to senior. She used the knowledge of depreciation software and other FASB rules to teach the partners and managers some of the new rules that had been changing. She became well versed in pensions, tax rules in auditing, and not-for-profit audits. This job was cut short after two years because she started to have children. She worked part time with the firm and ultimately bounced between smaller firms working part time on tax practices. Her work as an accountant translated into opening her own business with her husband. She wrote the business plan and was in charge of payroll for the two carwashes that they opened.

Outside of work, she had the blessing of raising three children. While raising her children, she took initiative in many of the activities they participated. While controlling the finances of the carwash and raising three children, she took responsibilities as a room mom, the treasurer of the PTO (Parent Teacher Organization), a teacher for Junior Achievement courses, a chaperone on field trips, the treasurer of her son's high school football apparel team (the Momma Rocks), and the President of Momma Rocks. She held many titles throughout a work career and even outside of a formal work setting.

Of all of the things Michele has participated, she had very few regrets. It was even hard for her to nail down two of them. She came to the conclusion, that she regretted not pursuing teaching late in her career. This is still something she can accomplish, but she wished she would have sought out earlier opportunities to become a college teacher. Her other change she would have wanted to make in her life is the proximity to her parents. She wished that she had lived closer to them, especially of recent because of their age.

She offered me a handful of lessons, that she would have wanted herself to know growing up. The first one, spoken like a true accountant, is understand your 401k opportunities and be thinking about your financial stability. It is something I have heard many times from people in the business world older than me. The next lesson was that there are a lot of different experiences that will lead to different opportunities. She saw this, when the work she did on depreciation cycles helped in opening her own business. Even the tax lessons she had taught helped guide her in being an entrepreneur. Lastly, she asked that I “stop and smell the roses, for lack of a better phrase”. This pertains to any situation in life, but she saw the slowing down of a routine as an opportunity to spend it with your family.

The last thing we discussed were the issues her generation will face and the issues my generation will face. She believes that the largest issue her generation has faced and continues to face is the rate of technology. She explained that as soon as she learns to master a program or application, there seems to be a new one to come along. She was blown away by the progress my generation has made and how simple we make things. The biggest issue she saw for my generation was our developing human interaction. She believes that with the development of technology, human interaction is being lost.

I really enjoyed talking to Michele. Many of the ideas she holds are similar to interests of mine. I saw myself in her eagerness to teach. It is definitely an interest of mine later in my career. It was nice to be able to speak with someone who had taken a similar path as me thus far. This was a great interaction to have as I march through the recruitment process.

EY Buddy Interview



Kyle Liebert

Table of Contents

Page 1: Cover Page

Page 2: Table of Contents

Page 3: Introduction

Page 4: Mentor Interview

Page 5: Mentor Interview cont.

Page 6: Debrief of Case

Page 7: Debrief of Case cont.

Introduction

Delaney White was chosen as my senior mentor. She is a current senior, that interned in the EY offices in Austin, Texas. EY is my currently my top firm, and Austin is similar in size to the Denver offices. Like me, she is a managerial finance minor and is interested in the Data and Analytics Master's. She took an untraditional route through recruitment, but she found a firm that she loved where she loved the work.

Much like our last case, this case is giving us a chance to reach out to someone we normally would not. It allows us to see their perspective on their decisions they had made. Unlike our last case, we are able to speak with someone who is freshly removed from the recruitment process. I also was able to talk to someone with similar experiences through their college career and recruitment process.

These cases have inspired me to reach out to more people at each firm to gauge my fit. I am eager to speak with as many employees in the system as possible. The firms told us time and time again, that the people you meet are who should make the decision. I am starting to see what they mean as I meet more of them.

The recruitment process has been an exciting time. I have been given free meals, free drinks, opportunities to learn, and even met many great people. The mentor program is a great supplement to the ending of the recruitment process. I wish it did not have to come at a time of social distancing and mass quarantining, but it has still been a great experience. This case has allowed me to meet even more people in my field of interest and firm of choice.

Mentor Interview

Delaney is a rising senior Accountancy major and finance minor. She is from Austin, Texas. She interned with EY in the Austin offices this spring and loved her experience. She plans to get her Master of Data and Analytics at Ole Miss, before returning to EY full time.

Delaney's recruitment process was a bit different than most. She was able to narrow down her firm from the people she met before the official Ole Miss recruitment process and even had an offer in the January of her spring semester junior year. This was her first offer, but she also provided some background on her final decision. Austin was home for her. She had already planned to start her career from there out of college. She teased the idea of Houston, but ultimately decided on Austin. Similar to me, she had a mother who had worked in public accounting and helped to guide her decision. She was able to land an office visit in December of her junior year, where she met some of the partners and meshed really well with all of the people. She was able to understand the atmosphere that she would be working in during the office visit. EY has a stronghold on audit in Austin, which was another influencing factor on her decision.

She received her offer the day after her birthday on January 3rd. Her early offer allowed her to not have to stress throughout the second half of her junior year. She was in her hardest classes at the time, trying to juggle intermediate, tax and her other accounting/Finance courses.

She accepted her offer early on in the process, but was still able to take her office visit in the summer. This helped to confirm the decision she had made. She was able to have the unique experience of visiting and interning in a smaller office.

The EY Austin office has a few more than 200 people. The Denver offices vary by firm from 300-700 people. This is a large change in the atmosphere, but it is still similar in size compared to most of the cities that are recruiting out of Ole Miss. For example, the Big4 offices in Dallas are home to over 1,500 employees. Some of them reaching into 2,000. This gave her a more meaningful internship experience. She was one of 12 interns in the newest class. She felt like her internship not only provided her with a lot of learning but also a lot of experience. She was able to work on a lot of the things she would be working on as an associate. This is probably a perk of the office size. There was a lot more time to be seen and guided by the managers in the firm. There is not as much of a chance to be lost in the mix, when you are gaining experience on closer teams. I would not assume that all offices provide you with the similar opportunity, but it is another thing I can ask the Denver offices.

EY took Delaney's preference of industry and location into account when choosing her clients. She was able to work on multiple projects during her internship. She got experience in private and public clients. She was able to experience four different industries and on five different teams. Not only was there a lot of networking within the jobs, but EY had set up several events for the interns to connect. This made it easier to enjoy the work and get connected with everyone you are working with. Even without the scheduling being done by EY, many of the interns made friendships outside of the office. Their class seemed to be very close after the internship.

After we had covered her personal experience and connection with the firm, I began to ask about the body of work. I was worried about learning all of the new systems I would have to master before the internship. She reassured me that everything I had

learned so far was a great basis for the internship. The curriculum provided by systems of accounting is great help as an intern. The expectations are nothing more than a great work ethic and a great attitude. She told me that within the first week there are learning opportunities for each of the programs the firms use. They had classes from EY that guided them on how to use their systems.

Delaney is interested in the Masters of Data and Analytics. She saw a strong opportunity to excel in understanding computers and wants to pursue it. Interestingly, she had previous desire to have a computer science minor. It is very overwhelming curriculum on top of accounting, but as a master it provides a combination of accounting and programming.

Debrief

It was nice connecting with a peer that had taken on this same process just a year earlier. There was more of an understanding of experience between us, than interviewing someone who had been in the industry. Her recruitment was very different than mine. She met with many of the partners within the offices before she interviewed. My experience was the exact opposite, but I was able to pull something from that. The reason she chose the offices she did was because of how welcoming all of the people were. At her office visit she was able to connect with everyone she met. It felt like the right fit. I have desired more of an understanding of each office culture as I made my way through recruitment. After many of my interviews, I made an effort to reach out to the ones that had interviewed me as well as asking them for more connections I could make. I have had fun through the recruitment process, but I am almost ready to make a decision.

EY has become my top firm thus far because of my experience with interviewers and recruiters. When I got off of the call for my final interview, it felt like a great fit. I was even able to connect with an Ole Miss alum in the Denver offices. She made herself very open to any questions and even got on a call with me this past week. The personal connection to the firm is something I am readily developing. This connection was I believe what Delaney felt when choosing her path.

Our Economic Future



Kyle Liebert

Table of Contents

Page 1: Cover Page

Page 2: Table of Contents

Page 3: Introduction

Page 4: Change in beliefs

Page 5: Role as a Professional

Page 6: Role as a Professional / Visible Change

Page 7: Visible Change and the Status Quo

Introduction

All of the sources provided more insight on the underlying participants of our economy. Coming into this case, I was a bit uneducated about the specific causation of the housing bubble. I was also uneducated on the change of America's banking system throughout American history.

To open the case, a short video on Crony Capitalism set the tone. It compared the unjust system American economics has played in a supposed free market. Crony Capitalism is the concept of companies and government officials paying into promises to support one another. It begins when a company makes a large investment in the politician's campaign or foundation. The politician then has the obligation to do business with this company, no matter the price of their goods or services. This steals business away from the companies that have not poured money into government officials but do have honest and better pricing. Crony Capitalism is great for companies with deep pockets and partners on the inside, but it is terrible for companies doing honest work.

The next source given was the movie *Inside Job*. In short, this movie analyzed the history behind America's banking sector and how it caused the economic downturn in the early 2000's. It exposed how Crony Capitalism played a role in keeping Goldman Sachs executives pockets filled, while the middle and lower classes of American society suffered.

The next two sources were news articles from *Wired* and *The Rolling Stone*. These articles explained what exactly was the cause of the housing bubble, before anyone realized there would be a housing bubble. An improper debt valuation formula and some unethical people combined to form financial hardship.

The last source was a glimpse of an article posted in the wake of recent events. It identified what one Wall Street worker thought of Donald Trump as the President. It was understood that most of Wall Street had this view of Trump at the time.

How did the materials change your beliefs and what do you think this knowledge means for the future?

The materials did not change my beliefs on how crooked the combination of politics and Wall Street are, but it solidified it. I, like many, have often questioned the ethical behavior of politicians and large corporations. When human beings are dealing with such large sums of money and potential for power, it can be blinding what exactly their effect is on the rest of society. An individual's greed can cause systematic issues.

Our companies are no longer working for a product or a customer. They are working for an agenda. It is scary to think about what this means for the future of our economy. Inside Job made it clear that banking was no longer carried out through small, local banks. Banks used to only be able to take on as much risk as they could afford. Because of government ties and sheer size a central bank, like Goldman Sachs, can hedge itself and rely on the government to get it out of a disaster.

The American people have instilled a great deal of trust in our banks insuring our money. We have also placed a great deal of trust in our politicians to make decisions for us in Washington. The material has made it obvious that the selfish actions of those at the top can cause millions of others to suffer.

The future points to a further spread of the lower and upper classes. As individuals are able to fill their own pockets and put others at risk, the top percent

separates them even further from the rest of society. It is great to attain this knowledge, but it raises the question of “how can this be stopped?”. It is going to take activism of many at the top to hold each other accountable. It will also take a reevaluation of current legislation. People must be united to bring about change.

How did the materials change your view about your role in society, both professionally and personally?

When I first decided to change my major to accounting, I did not quite realize what I was doing. I started out in engineering and then quickly changed into finance. I did not think that finance and accounting had too many differences. It was not until studying both of the subjects, that I was able to find the clear differences.

As an accountant, we are not just managing money or maintaining the books of a business. An accountant adheres to laws. An accountant works on a team to find the best interest of a company as well as holding the legality of each decision to a higher standard. As I move on from my junior year of accounting, I am starting to realize the real-world effects I can have on society. Similar to most, I will be accepting a spring internship with a public accounting firm. This internship will likely lead into a job offer to start my career in the audit practice of that public company.

Professionally, I will be taking on audits of some of the largest companies in the nation. These are public companies with a strong influence of the economy. It is part of my job to guarantee these companies are abiding by accounting standards. Many times, this job can reach into the grey areas of business. I can imagine at some point in my career I will be faced with an ethical decision. I will likely have to analyze the question of “Is this a benefit to/for the company or is this a benefit to/for an individual (possibly

myself)?”. It is a profession that requires a great ethical compass. The trust of millions of Americans lies in me and other auditors to, in a sense, police these companies. The more I learn about accounting, the more I realize I am forced to have a great deal of responsibility.

Personally, I believe it is the responsibility of each person that goes into not only the profession of accountancy but into the business world. The job requires trust in your own actions as well as your team’s actions. All too often it is easy to turn your back to something or even make excuses for your actions. My personal role to adhering to standards is the reason I have stayed studying accounting. Knowledge gives you an edge, but that edge should be used to promote wellbeing. It is the reason I have gotten involved in my fraternity. It is the reason I get involved on and off campus. My personal and professional life cross paths. This is a change I have seen in myself. I am now a future leader of our generation.

How, if at all, will the current virus crisis change the economic / political climate in the United States? Are there any lessons to be learned of our recent financial history? Is this a chance to unwind the status quo?

Recently, it has seemed as if our political landscape has been in turmoil. Lines have been drawn in the sand between parties. If you believe in the opposite side’s ideals, you are seen as the enemy. If anything, I have seen the pandemic help to build unity in our community. People are helping to flatten the curve and sharing the same struggles. One thing that I hope comes of this event is sign of growing together. Hopefully this changes the political front of our nation. The economic effect has seemed to have only begun. The immediate sign of economic downturn was the fall in the stock market. Then

came the stimulus plan from the government. Most recently, we have seen the unemployment rate spike. All of the answers have not been found. People are beginning to question at what cost are we implementing all of these new social distancing rules.

One lesson that I have seen first-hand is the distribution of government funds. I think there is a lot to learn about who needs the first relief and how to get it there. From a strictly financial view, the way government funding has flowed has showed more signs of Crony Capitalism. When my parents applied for their small business loan, them and many others were passed on the chance to receive benefits. In the news, many public companies had found loopholes to attain large sums of money from the government plan, when they had no true need. It has come been in the news that many of these large businesses are starting to give that money back. I believe it was due to a combination of cost and relationships. It was a lot cheaper to pay one \$100 million loan as opposed to many more \$100,000 loans. The largest and most networked companies benefited, while the companies at the bottom suffered. The lesson that can be pulled from this is to be diligent on how help comes and to service the ones in need.

I do believe this is a chance to unwind the status quo. When businesses ultimately reopen, they are not going to be able to operate in the same structure as they did just twelve months beforehand. A new standard of leadership will be expected. All of the companies that survive this can proceed confidently. New standards of pay and allocation should be put into place. The recovery process is the time for companies to analyze who they are and how they promote business practices.

Works Cited

- Amadeo, Kimberly. "New PM Boris Johnson Promised Brexit by October 31, No Matter What." *The Balance*, The Balance, 28 Aug. 2019, www.thebalance.com/brexit-consequences-4062999.
- Areavibes. "Chicago, IL Crime." *Chicago, IL Crime Rates & Crime Map*, www.areavibes.com/chicago-il/crime/.
- Areavibes. "Dallas, TX Crime." *Dallas, TX Crime Rates & Crime Map*, www.areavibes.com/dallas-tx/crime/.
- "At the Heart of Texas: Dallas–Plano–Irving." *Dallasfed.org*, www.dallasfed.org/research/heart/dallas/.
- Ayala, Eva-Marie. "5 Takeaways on the State of Dallas Schools." *Dallas News*, Dallas News, 23 Aug. 2019, www.dallasnews.com/news/education/2019/02/02/5-takeaways-on-the-state-of-dallas-schools/.
- Bankrate.com. "2018-2019 Tax Brackets." *Bankrate*, Bankrate.com, 12 Sept. 2019, www.bankrate.com/finance/taxes/tax-brackets.aspx.
- Bentle, Kyle, et al. "Illinois Income Tax Calculator: How Would Gov. J.B. Pritzker's Proposed Graduated Income Tax Affect You?" *Chicagotribune.com*, Chicago Tribune, 18 June 2019, www.chicagotribune.com/politics/ct-viz-graduated-income-tax-calculator-htmlstory.html.
- Britannica, The Editors of Encyclopædia. "Chicago River." *Encyclopædia Britannica*, Encyclopædia Britannica, Inc., www.britannica.com/place/Chicago-River.
- "Climate - Chicago." *Chicago Climate: Average Weather, Temperature, Precipitation, Best Time*, www.climatestotravel.com/climate/united-states/chicago.

Dallas: Geography and Climate, www.city-data.com/us-cities/The-South/Dallas-Geography-and-Climate.html.

“Dallas, Texas Population 2019.” *Dallas, Texas Population 2019 (Demographics, Maps, Graphs)*, worldpopulationreview.com/us-cities/dallas-population/.

Data, US Climate. “Temperature - Precipitation - Sunshine - Snowfall.” *Climate Dallas Texas and Weather Averages Dallas*, www.usclimatedata.com/climate/dallas/texas/united-states/ustx1575.

“DFW Quality Healthcare, Hospitals and Physicians.” *Dallas Relocation Guide*, www.destinationdfw.com/DFW-Quality-Healthcare-Hospitals-and-Physicians/.

Gentry, Pamela. “Top 5 Industries in Illinois: Which Parts of the Economy Are Strongest?” *Newsmax*, Newsmax Media, Inc. Newsmax Media, Inc., 5 Apr. 2015, www.newsmax.com/FastFeatures/industries-illinois-chicago-economy/2015/04/05/id/636484/.

Jones, Harrison. “Brexit: What Happens between Now and October 31st?” *Metro*, Metro.co.uk, 3 Oct. 2019, metro.co.uk/2019/10/03/brexit-what-happens-between-now-and-october-31st-10855471/.

“Largest Employers in the Dallas Fort Worth Area.” *Dallas Relocation Guide*, www.destinationdfw.com/Largest-Employers-in-Dallas-Fort-Worth-Texas/.

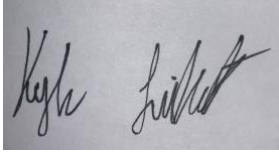
“One Uptown Apartments - Dallas, TX.” *Apartments.com*, 25 Sept. 2019, www.apartments.com/one-uptown-dallas-tx/vjmnzvd/.

“Population of Chicago 2019.” *US Population 2019*, US Population 2019, 9 July 2018, uspoptation2019.com/population-of-chicago-2019.html.

Stephen. "Public Transportation in Chicago." *Free Tours by Foot*, Free Tours by Foot, 30
Dec. 2017, freetoursbyfoot.com/public-transportation-chicago/.

The Honor Code: “On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this assignment.”

Signed,

A handwritten signature in black ink, appearing to read "Kyle Hilbert", written on a light-colored rectangular background.